

Message Text

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ORIGIN EB-07

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-----062258Z 089532 /66

O 062239Z JUN 77
FM SECSTATE WASHDC
TO AMEMBASSY BUCHAREST IMMEDIATE

C O N F I D E N T I A L STATE 130237

E.O. 11652: GDS

TAGS: EAIR, RO

SUBJECT: CIVAIR - EXTENSION OF AIR TRANSPORT AGREEMENT

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REF: BUCHAREST 4090

1. DEPT INFORMED BY PAN AM THAT TAROM NOT LIVING UP TO
TICKET SALES AND SALES QUOTA PROVISIONS OF INTER-AIRLINE
UNDERSTANDINGS OF NOVEMBER 17, 1976 AND JANUARY 26, 1977.
PAN AM HAS REQUESTED THAT USG RECONSIDER CONDITIONS UNDER
WHICH IT IS PREPARED TO EXTEND AIR TRANSPORT AGREEMENT WITH
ROMANIA. SPECIFICALLY, PAN AM ADVISES THAT AFTER SHORT
PERIOD OF COMPLIANCE, TAROM HAS SYSTEMATICALLY REFUSED TO
ISSUE TRANSPORTATION DOCUMENTS FOR ROMANIAN CURRENCY AS
AGREED LAST NOVEMBER AND HAS FAILED BY A WIDE MARGIN TO
PRODUCE ROMANIAN ORIGINATING TRANSATLANTIC TRAFFIC ON PANAM
DURING THE FIRST FOUR MONTHS OF THIS YEAR AT A RATE WHICH
WILL MEET THE QUOTA AGREED IN JANUARY.

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2. ALTHOUGH PAN AM STATED THAT THE IMPACT OF DECREE 81 ON
ITS OPERATIONS IS OF LESS SIGNIFICANCE THAN THE FAILURE OF
THE ROMANIANS TO LIVE UP TO THE INTER-AIRLINE AGREEMENTS,
THE COMPANY IS NEVERTHELESS CONCERNED ABOUT THE IMPLICA-
TIONS OF THE DECREE FOR THE ORGANIZATION AND CONTROL OF ITS
PERSONNEL IN ROMANIA.

3. DEPARTMENT RECOGNIZES EMBASSY INITIATIVE REFTTEL MAY OFFER BEST HOPE FOR EXEMPTING PAN AM FROM ONEROUS EFFECT OF DECREE 81. HOWEVER, WE ARE CONCERNED LEST GOR ACCEPT OUR CURRENT PROPOSAL TO EXTEND ATA AND MAKE DIFFICULT ANY CHANGES WE MAY WISH TO MAKE TO HELP PAN AM IN ITS CURRENT DIFFICULTIES. WE RECOGNIZE THAT PATAN IS REVIEWING DECREE 81 COMPATIBILITY WITH ATA, SPECIFICALLY WITH PARA 2C OF RELATED LETTER. PAN AM ADVISES THAT PROTECTION AFFORDED BY SIDE LETTER TO CURRENCY, COST AND OTHER FINANCIAL CONSIDERATIONS IS NOT AT PRESENT A USEFUL PROTECTION BECAUSE COMPANY HAS NO LEI EARNINGS TO EXPEND ON LOCAL EXPENSES; MONTHLY SETTLEMENTS WITH TAROM ARE MADE IN DOLLARS. QUESTIONS OF ESCALATING COSTS AND PERSONNEL CONTROL ARE TROUBLESOME TO PAN AM AND THEY HAVE SUGGESTED THAT OUR PROPOSAL TO EXTEND THE ATA BE AMENDED TO SPECIFY IN SOME DETAIL THE REGIME UNDER WHICH PAN AM WOULD OPERATE IN ROMANIA.

5. IN VIEW ABOVE, DEPT CONSIDERING WHETHER TO WITHDRAW OUR NOTE OF MARCH 23 AND TO INTRODUCE ADDITIONAL CONDITIONS--SUCH AS, FOR EXAMPLE, DESIGNATION OF PAN AM AS TAROM'S EXCLUSIVE SALES AGENT IN US, AS HAS BEEN REQUESTED BY PAN AM--WHICH WOULD IMPROVE PAN AM'S POSITION. ANOTHER POSSIBILITY IS TO LIMIT ATA EXTENSION TO ONLY ONE YEAR IN ORDER TO INDICATE OUR DISSATISFACTION WITH TAROM'S PERFORMANCE THUS FAR. WE WOULD WELCOME EMBASSY'S FURTHER THOUGHTS ON THIS MATTER. WE WILL BE MEETING LATE THURSDAY (JUNE 9) WITH PAN AM VICE PRESIDENT PREECE, AND WOULD CONFIDENTIAL

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APPRECIATE RECEIVING ASAP WHATEVER PRELIMINARY REACTIONS EMBASSY HAS WHICH MAY BEAR ON MEETING. VANCE

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01-Jan-1994 12:00:00 am
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Control Number: n/a
Copy: SINGLE
Sent Date: 06-Jun-1977 12:00:00 am
Decaption Date: 01-Jan-1960 12:00:00 am
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 22 May 2009
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Disposition History: n/a
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Disposition Remarks:
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